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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

IN RE ZORAN CORPORATION
DERIVATIVE LITIGATION

No. CV 06-05503 WHA

DERIVATIVE ACTION

This Document Relates To:

**[PROPOSED] ORDER PRELIMINARILY
APPROVING SETTLEMENT**

ALL ACTIONS

ORDER PRELIMINARILY APPROVING SETTLEMENT

2 The motion of derivative plaintiff Gerald del Rosario on behalf of nominal defendant
3 Zoran Corporation (“Zoran”) for preliminary approval of the Stipulation of Settlement
4 (“Stipulation”) and the Settlement contained therein (the “Settlement”) entered into by the Parties
5 on or about May 29, 2008, came on regularly for consideration by the Court. The Court having
6 reviewed and considered all documents, evidence, and arguments of counsel presented in support
7 of said motion, and good cause appearing therefor, enters this Order Preliminarily Approving
8 Settlement (the “Order”) as follows:

9 1. Unless otherwise stated herein, all capitalized terms contained in this Order shall
10 have the same meaning and effect as stated in the Stipulation.

11 2. The Settlement, and the terms and conditions set forth therein, is preliminarily
12 approved as fair, reasonable and adequate.

13 3. The Notice specified in the Stipulation constitutes sufficient notice to Zoran's
14 shareholders pursuant to the requirements of Fed. R. Civ. P. 23.1. Within ten days (10) after
15 entry of this Order, Zoran shall disseminate Notice to registered Zoran shareholders in accordance
16 with the terms of the Stipulation.

17 4. The Settlement Hearing shall be held by this Court on Aug 18, 2008, at
18 2:00 p.m., [60 days after entry of the Preliminary Approval Order] to consider and finally
19 determine whether the Settlement is fair, reasonable and adequate, and to hear objections, if any,
20 made to the Settlement or any of its terms. During the Settlement Hearing, the Court will also
21 rule upon Lead Plaintiff's petition for an award of his attorney's fees and reimbursement of his
22 costs. The Settlement Hearing may be postponed, adjourned, or continued by order of the Court
23 without further notice other than announcement at such Settlement Hearing or subsequent
24 adjournment.

25 5. Lead Plaintiff shall file and serve his Motion for Final Approval of the Stipulation
26 of Settlement (“Final Approval Motion”) and for an award of attorney’s fees and expenses, and
27 any supporting papers, at least thirty (30) days before the Settlement Hearing;

1 6. Any Shareholder who wishes to object to the fairness, reasonableness or adequacy
2 of the Settlement, to any term of the Settlement Agreement, or to the proposed award of
3 attorneys' fees and expenses must file an objection no later than twenty-one (21) days prior to the
4 Settlement Hearing by:

5 (a) filing with the Clerk of the Court proof of ownership of Zoran common stock,
6 including the number of shares of Zoran Common Stock held and the date of purchase, and
7 providing a statement that indicates the nature of such objection, any legal support and/or
evidence that such shareholder wishes to bring to the Court's attention or introduce in
support of such objection, and any documentation in support of any objection; and

8 (b) simultaneously serving copies of such proof, statement and documentation, together
9 with copies of any other papers or briefs such shareholder files with the Court, in person
10 or by mail, upon counsel listed below, provided that if service is made by mail, then
service by electronic mail or facsimile also shall be made on counsel listed below, no later
11 than twenty-one (21) days before the date of the Settlement Hearing:

12 Juli E. Farris
13 Keller Rohrback L.L.P.
14 1201 Third Avenue, Suite 3200
15 Seattle, WA 98101-3052
16 *Counsel for Lead Plaintiff*

17 Susan Muck
18 Fenwick & West LLP
19 555 California Street, Suite 1200
20 San Francisco, CA 94104
21 *Counsel for Aharon Aharon, Raymond A. Burgess, Uzia Galil, Paul*
22 *Goldberg, James D. Meindl, James B. Owens, Jr., Isaac Shenberg,*
23 *Alex Sinar, and Arthur Stabenow*

24 Steven Kaufhold
25 Akin Gump Strauss Hauer & Feld LLP
26 580 California Street, Suite 1500
27 San Francisco, CA 94104-1036
28 *Counsel for Nominal Defendant Zoran Corporation*

29 John Dwyer
30 Cooley Godward Kronish LLP
31 Five Palo Alto Square
32 3000 El Camino Real
33 Palo Alto, CA 94306
34 *Counsel for Dr. Levy Gerzberg, Ph.D.*

John Hemann
Morgan, Lewis & Bockius LLP
One Market, Spear Street Tower
San Francisco, CA 95104
Counsel for Karl Schneider

Sara B. Brody
Heller Ehrman LLP
333 Bush Street
San Francisco, CA 94104
Counsel for Camillo Martino

8 7. Any shareholder who does not timely make his, her, or its objection to the
9 Settlement shall be deemed to have waived such objection and shall forever be foreclosed from
10 making any objection to the fairness, reasonableness, or adequacy of the proposed Settlement, the
11 Plaintiff's application for attorneys' fees and expenses, and shall otherwise be bound by the
12 Judgment to be entered on the releases given.

13 8. Lead Plaintiff shall file and serve a reply brief in further support of the Final
14 Approval Motion, which shall include a response to any timely-filed objections, at least seven (7)
15 days before the Settlement Hearing;

16 9. Defendants shall file and serve any papers in support of the Final Approval
17 Motion, or in response to any timely-filed objections, at least seven (7) days before the Settlement
18 Hearing;

19 10. Any objector who timely files and serves a written objection in accordance with
20 paragraph 6 above, may also appear at the Settlement Hearing either in person or through counsel
21 retained at the objector's expense. Objectors or their attorneys intending to appear at the
22 Settlement Hearing must effect service of a notice of intention to appear, which sets forth, among
23 other things, the name, address and telephone number of the objector (and, if applicable, the
24 name, address and telephone number of the objector's attorney), and the identities of any
25 witnesses that such shareholder plans to call at the Settlement Hearing, on counsel listed above (at
26 the addresses set out above) and file such notice of intention to appear with the Court by no later
27 than five (5) business days before the date of the Settlement Hearing. Filing and service may be
28 effected on the Court and counsel by mail, provided that service by electronic mail or facsimile

1 also is made on counsel listed above no later than five (5) business days before the date of the
2 Settlement Hearing. Any objector who does not timely file and serve a notice of intention to
3 appear in accordance with this paragraph shall not be permitted to be heard at the Settlement
4 Hearing, except upon a showing of good cause and excusable neglect.

5 11. If the Settlement receives final approval by the Court ("Final Court Approval"),
6 the Court shall enter the Final Order and Judgment in the forms submitted by the parties, or in any
7 other form of Order deemed appropriate by the Court. The Judgment shall be fully binding with
8 respect to all parties in accordance with the terms of the Stipulation.

9 12. The Court adjudges that, if and when the Judgment is entered, upon the Effective
10 Date, (a) Lead Plaintiff on his own behalf individually, and derivatively on behalf of Zoran and
11 Zoran's shareholders, and (b) Zoran shall have, and by operation of the Judgment shall be deemed
12 to have, fully, finally, and forever released, relinquished and discharged all Released Claims
13 against the Released Persons and all claims that were made or could have been made against the
14 Released Persons arising out of, relating to, or in connection with the prosecution, defense,
15 Settlement or resolution of the Derivative Litigation, including Unknown Claims.

16 13. The Court adjudges that, if and when the Judgment is entered, upon the Effective
17 Date, each of the Released Parties shall be deemed to have, and by operation of the Judgment
18 shall have, fully, finally, and forever released, relinquished and discharged Lead Plaintiff and
19 Lead Plaintiff's Counsel from all claims (including Unknown Claims), arising out of, relating to,
20 or in connection with the institution, prosecution, assertion, Settlement or resolution of the
21 Derivative Litigation or the Released Claims.

22 14. All proceedings and all further activity regarding or directed towards the
23 Derivative Litigation, including but not limited to all discovery activities, shall be stayed and
24 suspended until further order of this Court, except as to such actions as may be necessary to
25 implement the Settlement or this Order.

26 15. In the event that the Stipulation is not approved by the Court, or the Settlement set
27 forth in the Stipulation is terminated, or fails to become Final in accordance with its terms, all
28 parties to the Derivative Litigation (including Lead Plaintiff and all Defendants) shall be restored

1 to their respective positions in the Derivative Litigation as of the date of signing the Stipulation.
 2 In such event, all negotiations, proceedings, communications, correspondence and documents
 3 prepared and statements made in connection with the Stipulation shall be without prejudice to the
 4 Settling Parties, shall not be deemed or construed to be an admission by any Settling Party of any
 5 act, matter or proposition and shall not be used in any manner for any purpose in any subsequent
 6 proceeding in the Derivative Litigation, or in any other action or proceeding and the terms and
 7 provisions of the Stipulation, except as otherwise provided for in Section 5.3 of the Stipulation,
 8 shall have no further force and effect with respect to all parties to the Derivative Litigation and
 9 shall not be used in the Derivative Litigation, or in any other proceeding for any purpose, and any
 10 judgment or order entered by the Court in accordance with the terms of the Stipulation shall be
 11 treated as vacated, *nunc pro tunc*.

12 16. The dates of performance of this Order are as follows:

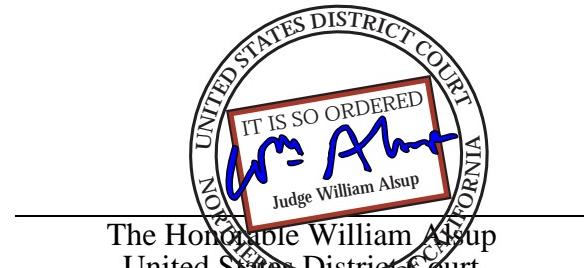
- 13 (a) Zoran shall cause the Notice to be mailed to its shareholders of record
 14 within ten (10) days of ~~the entry of this Order~~; approval of form notice;
- 15 (b) Lead Plaintiff shall file and serve his motion for Final Settlement Approval
 16 and for an award of attorney's fees and expenses, and supporting papers, at
 17 least thirty (30) days before the Settlement Hearing;
- 18 (c) Objections to the Settlement shall be deemed timely only if filed with the
 19 Court and served on the parties at least twenty-one (21) days before the
 20 Settlement Hearing;
- 21 (d) Lead Plaintiff shall file and serve a reply in support of Settlement and for
 22 an award of attorneys' fees and expenses, which shall include a response to
 23 any timely-filed objections, at least seven (7) days before the Settlement
 24 Hearing;
- 25 (e) Defendants shall file and serve papers, if any, in support of Final Court
 26 Approval at least seven (7) days before the Settlement Hearing,
- 27 (f) Notices of intention to appear at the Settlement Hearing shall be deemed
 28 timely only if filed by a shareholder who previously filed a timely
 29 objection and only if filed with the Court and served on the parties at least
 30 five (5) business days before the Settlement Hearing; and

as per above.

(g) The Settlement Hearing shall be held sixty (60) days after entry of the Preliminary Approval Order on _____, 2008 at _____ : 00 m.

IT IS SO ORDERED.

Dated: 6-11, 2008



The Honorable William Alsup
United States District Court